

Message Text

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ACTION EUR-25

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FM AMEMBASSY MOSCOW

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INFO AMEMBASSY BELGRADE

USMISSION BERLIN 2100

AMEMBASSY BONN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY HELSINKI

USMISSION OECD PARIS

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

USMISSION EC BRUSSELS

USMISSION USNATO

AMEMBASSY WARS

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E.O. 11652: N/A

TAGS: EFIN EMIN ETRD UR COMECON

SUBJECT: CEMA INTERNATIONAL INVESTMENT BANK CREDIT TO USSR FOR
DEVELOPMENT OF COPPER AND NICKEL ORES AT NORILSK

REF: MOSCOW A-332

1. SUMMARY. DEPUTY DIRECTOR FO CEMA INTERNATIONAL INVEST-
MENT BANK (IIB) HAS REVEALED THAT BANK'S LARGEST CREDIT--
FOR ABOUT DOLS 340 MILLION--EXTENDED TO THE USSR IN 1973
IS NOT FOR DEVELOPMENT OF KURSK IRON AND STEEL COMPLEX
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SOUTH OF MOSCOW BUT FOR DEVELOPMENT OF NICKEL AND COPPER

DEPOSITS AT NORILSK IN NORTHERN SIBERIA. NORILSK DEPOSITS, REPORTED TO BE AMONG LARGEST IN WORLD, WILL BE PROCESSED BY SPECIAL SMELTERS PROVIDED BY FINNISH FIRMS. UNDER IIB REGULATIONS, PROJECT WILL BENEFIT ALL CEMA COUNTRIES. END SUMMARY.

2. DR. STANISLAV KOBAK, DEPUTY DIRECTOR OF CEMA INTERNATIONAL INVESTMENT BANK (IIB) TOLD EMBASSY OFFICER AUGUST 28 THAT LARGE IIB CREDIT EXTENDED TO USSR IN 1973 FOR MINING AND METALLURGICAL ENTERPRISE IS FOR PROJECT AT NORILSK ON YENISEI RIVER, ROUGHLY 2000 MILES NORTHEAST OF MOSCOW IN NORTHERN SIBERIA, AND NOT RPT NOT AT KURSK IN RSFSR. CREDIT IS FOR 252.4 MILLION TRANSFERABLE RUBLES (ABOUT DOLS 340 MILLION) AND IS THE LARGEST CREDIT EVER EXTENDED BY THE IIB ACCORDING TO AVAILABLE INFORMATION

3. AS FAR AS EMBASSY CAN DETERMINE, NO ANNOUNCEMENT OF THIS CREDIT FOR NORILSK--THE FIRST TO BE MADE BY IIB FOR A PROJECT IN THE SOVIET UNION--HAS EVER BEEN MADE IN THE SOVIET PRESS. A STATEMENT RELEASED RECENTLY BY THE BANK DESCRIBED IT MERELY AS BEING FOR A "MINING-METALLURGICAL ENTERPRISE IN THE SOVIET UNION," THE TERMINOLOGY FREQUENTLY USED BY SOVIET PRESS IN REFERENCE TO KURSK IRON AND STEEL COMPLEX, AND EMBASSY REPORTED THAT CREDIT WAS PROBABLY FOR CONSTRUCTION AT KURSK (REPAIR).

4. ALTHOUGH OPEN PIT MINING OF COPPER, NICKEL AND PLATINUM ORES HAS BEEN UNDERWAY AT NORILSK SINCE BEFORE WORLD WAR II, SOVIET GOVERNMENT HAS FOR SEVERAL YEARS BEEN PUSHING PLANS FOR EXPLOITATION OF NEWLY DISCOVERED NICKEL AND COPPER DEPOSITS WHICH ARE CLAIMED TO BE AMONG LARGEST IN WORLD. EARLY IN AUGUST GROUP OF FINNISH COMPANIES ORGANIZED AS METEX CORPORATION SIGNED DOLS 528 MILLION CONTRACT WITH SOVIETS FOR SUPPLY OF SPECIAL SMELTERS FOR NORILSK WITH DELIVERY SCHEDULED 1977. SMELTERS WILL HAVE AN ANNUAL CAPACITY OF 550,000 TONS NICKEL CONCENTRATE AND 650,000 TONS OF COPPER CONCENTRATE.

5. IIB CREDIT FOR NORILSK, WHICH, BY IIB RULES, MUST BENEFIT ALL CEMA COUNTRIES, MEANS THAT SOVIETS GOING AHEAD LIMITED OFFICIAL USE

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IN DEVELOPMENT OF NORILSK DEPOSITS WITH CEMA FINANCIAL ASSISTANCE AND NOT AS MULTILATERAL CEMA PROJECT THROUGH WHICH CEMA COUNTRIES SEND USSR EQUIPMENT AND RECEIVE SPECIFIED QUANTITIES OF RAW MATERIALS IN RETURN. JUST WHAT BENEFIT CEMA COUNTRIES WILL RECEIVE FROM THIS PROJECT IS NOT CLEAR. POSSIBLY THEY WILL RECEIVE GUARANTEES OF SOVIET DELIVERY OF NICKEL AND COPPER ORS ONCE NORILSK PROJECT IS OPERATIONAL IN 1979 OR 1980.

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